DATE: September 25, 2014

TO: Technical Workgroups, Common Measure Set (Prevention, Chronic, Acute)

FROM: Susie Dade

RE: Straw Proposal for "Bending the Cost Curve" Measures in Washington State

The following is offered as a straw proposal to the technical measures workgroups to generate dialogue about specific measure possibilities and to come to agreement in terms of what we'd like to recommend to the Performance Measures Coordinating Committee for the "starter set."

Note: the word 'cost' in the context of this memo means the actual transaction prices between the buyer(s) of health care services and the provider(s). It does not refer to the premiums paid by companies or individuals to insurance carriers (although in bending the cost curve, we certainly would expect premiums to moderate as well). It also does not refer to the internal expenses incurred by provider organizations to deliver care.

I am suggesting that we gather input from the Prevention and Acute Care Workgroups on October 1 and 2 respectively, and then we ask the Chronic Care Workgroup to finalize the recommendation on October 3.

Context-Setting:

- ESHB 2572, the legislation that guides the development of a statewide common measure set, indicates that the purpose of the measures are to track costs and improve health and health care within the state. Therefore, it seems important that the measure set include one or more cost measures.
- There are currently very few, if any, health care cost measures in wide use around the country. So there is not a robust pool of measures with detailed measure specifications and implementation experience upon which to draw for our deliberations.
- Washington State does not currently have the infrastructure in place to readily measure health care costs using multi-payer data. Today, all health care cost data is held individually by payers and some self-funded purchasers; it is heavily silo'd and is also considered proprietary. Legislation was passed in Washington in 2014 to establish a state-mandated all-payer claims database. However, the legislation only mandates the participation of insurers that support the state's PEB and Medicaid populations. Further restrictions within the legislation make it impossible to generate valid and reliable reports using such limited data submissions. Therefore, until such time that the state's APCD legislation is modified to include ALL payers and lift the restrictions, we are quite hampered in terms of "readily available data" to support cost measures in the "starter set."
- Given this, the following measures are considered aspirational and are recommended for inclusion in the "starter set" in order to advance the dialogue, and to accelerate building the infrastructure necessary to support measurement and reporting using multi-payer data.

Recommended Measures for the Initial Starter Set:

1. Per capita spending for Medicaid
    a. If possible, stratify by primary care, specialty care, hospital inpatient/outpatient, and emergency
2. Per capita spending for Washington State public employees and dependents
    a. If possible, stratify for county, primary care, specialty care, hospital inpatient/outpatient, and emergency
3. Annual state purchased health care cost growth relative to the Consumer Price Index

Considerations for Future Measure Sets (i.e., "Agenda for High Priority Development"):

Once a database that includes priced claims is functioning within Washington State (that includes data from all commercial and Medicaid payers), the following should be considered for inclusion in the state's set for measurement and reporting:

1. **Total cost of care or per member per month (PMPM)** measures that are (1) NQF-endorsed, such as the HealthPartners Total Cost of Care metric, and /or (2) in current use (read: tested) in one or more states with an All-Payer Claims Database.

    Potential unit(s) of analysis:

    a. Provider organizations such as medical groups or integrated delivery systems (patient care attributed to specific provider organization)
    b. Health plans

2. **Cost of Potentially Avoidable Services**, including ambulatory sensitive hospital admissions, hospital readmissions, complications and emergency department services.

    Potential unit(s) of analysis:

    a. State-wide, county or Accountable Community of Health
    b. Provider organizations such as medical groups or integrated delivery systems (patient care attributed to specific provider organization)

3. **Pricing for similar types of hospitalizations, treatments and/or procedures *most prevalent among the working age population in Washington State (examples: total knee or hip replacement, back surgery, vaginal and C-section deliveries, high-end imaging, etc.)***

    Potential unit(s) of analysis:

    a. Provider organizations such as hospitals, medical groups or integrated delivery systems
    b. Track pricing changes by provider organization over time relative to one another and to the Consumer Price Index

For information only: Measures currently endorsed by NQF that are considered "cost-related"

Measure Title	NQF#	Measure Steward	Updated Date	Status	Type of Measure
ETG Based HIP/KNEE REPLACEMENT cost of care measure	1609	Optum	April 02, 2012	Endorsed	Resource Use Measure
ETG Based PNEUMONIA cost of care measure	1611	Optum	April 02, 2012	Endorsed	Resource Use Measure
Payment-Standardized Medicare Spending Per Beneficiary (MSPB)	2158	CMS	December 09, 2013	Endorsed	Resource Use Measure
Proportion of Patients Hospitalized with AMI that have a Potentially Avoidable Complication (during the Index Stay or in the 30-day Post-Discharge Period)	0704	Bridges to Excellence	July 23, 2013	Endorsed	Quality
Proportion of Patients Hospitalized with Pneumonia that have a Potentially Avoidable Complication (during the Index Stay or in the 30-day Post-Discharge Period)	0708	Bridges To Excellence	July 23, 2013	Endorsed	Quality
Proportion of Patients Hospitalized with Stroke that have a Potentially Avoidable Complication (during the Index Stay or in the 30-day Post-Discharge Period)	0705	Bridges to Excellence	July 23, 2013	Endorsed	Quality
Proportion of patients with a chronic condition that have a potentially avoidable complication during a calendar year.	0709	Bridges To Excellence	July 23, 2013	Endorsed	Quality
Relative Resource Use for People with Asthma	1560	NCQA	January 04, 2013	Endorsed	Resource Use Measure
Relative Resource Use for People with Cardiovascular Conditions	1558	NCQA	January 04, 2013	Endorsed	Resource Use Measure
Relative Resource Use for People with COPD	1561	NCQA	January 04, 2013	Endorsed	Resource Use Measure
Relative Resource Use for People with Diabetes (RDI)	1557	NCQA	January 06, 2014	Endorsed	Resource Use Measure
Total Cost of Care Population-based PMPM Index	1604	HealthPartners	August 12, 2014	Endorsed	Resource Use Measure
Total Resource Use Population-based PMPM Index	1598	HealthPartners	January 31, 2012	Endorsed	Resource Use Measure